

# Bible Harris Smith, P.C.

Certified Public Accountants and Business Advisors Since 1949

507 West Clinch Avenue  
Knoxville, TN 37902-2104  
Phone 865-546-2300  
Fax 865-525-7454  
E-mail [Brewer@BHSpc.com](mailto:Brewer@BHSpc.com)

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April 1, 2020

To our clients, associates and friends:

This past week, congress passed, and President Trump signed the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Below, we have listed the provisions available for individuals. Business provisions are summarized in a separate letter.

- Individual Recovery rebate/credit – a credit for qualifying taxpayers against 2020 taxes equal to \$1,200 (\$2,400 if filing jointly) plus \$500 per child, who qualify for the child tax credit.
  - Will be paid in advance based on 2019 tax return (2018 if you have not filed 2019 yet, or social security records if you did not file in 2018 either)
  - Advance rebate reduces credit available on 2020 tax return
  - Credit phase-out begins at \$75K for individuals (\$150K filing jointly) or \$112,500 for head of household
- The 10% penalty for early retirement plan distributions will not apply to coronavirus distributions up to \$100,000.
  - Distributions can be repaid during the next three years, and treated as though they had been rolled over subject to the 60 day rollover provision.
  - Distributions not repaid can be included in income ratably over three years beginning with the year of distribution
  - Those diagnosed using an approved CDC test or whose spouse or dependent has been diagnosed will qualify.
  - Also, those who experience “adverse financial consequences” as a result of being quarantined, being furloughed or laid off, having work hours reduced, being unable to work due to lack of child care, or having to reduce hours of a business owned by the individual will qualify.
- Required Minimum Distributions (RMDs) for 2020 are not required.
  - Applies to 2019 first-time RMDs required to be taken by 04/01/2020.
  - Applies to 2020 RMDs
  - If you have already received your RMD for 2020, you can roll it over into an IRA, but this is currently still subject to the 60 day rollover requirement, unless the IRS provides guidance allowing you to go back further.
- \$300 charitable contribution deduction for non-itemizers
- Qualifying charitable contributions can temporarily be taken against 100% of adjusted gross income rather than the 60% standard limitation.
- Student loan payments made by employers before January 1, 2021 on behalf of their employee now qualify as tax-excluded education payments, subject to a limit of \$5,250 per employee.

Should you have questions on any of these items please give us a call.

Sincerely,



William B. Snyder



Sean W. Brewer